

File 4

February 18, 1965

\$100,000 DRILLING PROGRAM PLANNED ON MOLY HILL MINING CORPORATION LIMITED - MOLYBDENITE AND NICKEL PROPERTY.

Mr. Gilles E. Huot, President, is pleased to announce that Moly Hill Mining Corporation Limited a newly formed Ontario company is undertaking a large scale \$100,000 exploration and development program on its recently acquired property being 33 mining claims totalling 3,032 acres located in Ranges I, II, III, Preissac and Lamotte Townships, Northwestern Quebec.

The directors of the Company are generally well known throughout this area being Gilles E. Huot, President of Abitibi Factors Co. Ltd.; John H. Kentish, President of Anglo American Molybdenite Mining Corporation; Everett Vinson, Chairman and Director of National Bank of Sarasota, Florida; Damase Fortin, President of D. Fortin Limited, General Contracting; Paul J. Carriere, Managing Director of Carriere Lumber Limited; Philippe Turgeon, Proprietor; and Allen C. Lee, Consulting Engineer.

The Company's mining claims are strategically located 1½ miles south of nickel producing Marbridge Mines Limited, immediately south of Falconbridge Nickel Mines Limited property and along the eastern contact of the Preissac muscovite granite batholith in which lie both Anglo American Molybdenite Mining Corporation and Preissac Molybdenite Mines Limited approximately 3 miles west of Moly Hill's holdings.

An initial contract for 10,000 feet of diamond drilling has been let and work is scheduled to start immediately with

an initial two drills operating on the property. An active drilling campaign is to be carried out under the supervision of Messrs. Allen C. Lee, Consulting Engineer and Georges H. Dumont, P. Eng., Consulting Engineer and Geologist, to explore the 3800 feet length of the granite contact zone known to carry molybdenite. Three distinct occurrences have been found, known as the Central Zone, the North Zone and the South Zone.

Most of the work to date has been done on the Central Zone whereon the vendors of the property had undertaken a considerable exploration and development program which included road and bridge construction, stripping, trenching, sampling and mill testing with an expenditure of \$105,000. This zone extends 800 feet in a northerly direction and forms a prominent hill whose eastern slope is made up of quartz pegmatite cutting muscovite granite.

The South Zone lies 1,000 feet to the south of the Central Zone and parallel to it 600 feet to the west. It was discovered in 1964 and consists of a quartz pegmatite stockwork in granite, about 50 feet wide carrying coarse rosettes of molybdenite. Little work to date has been completed on this zone.

Recently an entirely new and important discovery known as the North Zone was made some 1,300 feet north of the Central Zone. Spectacular seams of massive molybdenite occur in sheared peridotite. A grab sample taken at the discovery site by J. A. Honsberger, P. Eng., assayed 11.75% molybdenite. Selected samples containing massive molybdenite

taken along the shear are conservatively estimated to grade higher than 20% MOS₂. Two bulldozers supplemented by an air compressor cleared off an area 500 by 300 feet to show that the peridotite and meta-gabbro have been intruded and broken up by granite from the west in a zone some 150 feet wide. Each contact within this zone is molybdenite bearing and may carry payable quantities over widths up to 20 feet. A magnetometer survey covering more than 1 mile of the strike length north and south shows that the granite-peridotite contact runs west of north through the Central and North showings but at the extreme north end the shape of the basic rocks becomes increasingly complex. There are signs of heavy movement with more and more granite impinging on the peridotite and showing more fracturing. Thus conditions seem favourable for wide spread molybdenite deposition and it is intended that the emphasis will be placed on drilling here. To date some \$22,558.82 have been expended to open up this North Zone.

To finance the intended drilling program as well as further exploration and development the Company has received \$150,000 through the sale of 1,000,000 of its treasury shares to Ross, Knowles & Company Limited on behalf of its client, Moly Metal Sales Limited.

In view of the indicated potential of the property Continental Ore Corporation of New York has entered into an agreement dated January 27, 1965 with the Company under which, subject to the terms and conditions thereof, Continental Ore Corporation has agreed to purchase 2,000,000 pounds of

molybdenite concentrates and 200,000 pounds of bismuth metal per year that Moly Hill may produce during the first two years of its commercial production at prices payable in U. S. dollars based upon the respective prices for molybdenum and bismuth contained in the products as shown in the latest publication of the London Metal Bulletin immediately preceding shipment. Further pursuant to an additional agreement dated January 27, 1965 the Company has appointed Continental Ore Corporation its sole and exclusive world-wide sales agent for its entire output of all metals, ores and concentrates in whatsoever form produced or otherwise refined, milled or manufactured for market by it from time to time as a result of the development of its claims for a period of ten years from the date of commercial production. Continental Ore Corporation has its head office in New York City and has affiliates or branch offices in 28 countries abroad. It is engaged on a substantial scale in dealing in ores, minerals, alloys, metals and other products. The volume of sales of Continental Ore Corporation and its affiliates in 1963 exceeded \$180,000,000.

